

GLEN LAKE COMMUNITY SCHOOLS

MAPLE CITY, MICHIGAN

AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2008

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Lewis & Knopf, CPAs, PC

Serving You with Trust and Integrity

October 3, 2008

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Glen Lake Community Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Glen Lake Community Schools, as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Glen Lake Community Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Glen Lake Community Schools as of June 30, 2008, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund and the Sinking Capital Projects Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover dated October 3, 2008 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis information on pages II - IX, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Glen Lake Community Schools' basic financial statements. The additional information presented on pages 21 - 39, is presented for purpose of additional analysis and is not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


LEWIS & KNOFF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

GLEN LAKE COMMUNITY SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the Glen Lake Community Schools' Administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2008.

Generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

Fund Financial Statements:

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service and Athletics Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

District Wide Financial Statements:

The District wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

GLEN LAKE COMMUNITY SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

District Wide Financial Statements: (Continued)

These two statements report the Glen Lake Community Schools net assets – the difference between assets and liabilities, as reported in the statement of net assets – as one way to measure the School District’s financial health or financial position. Over time, increases or decreased in the School District’s net assets – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District’s operating results. However, the School District’s goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net assets and the statement of activities report the governmental activities for the School District, which encompasses all of the School District’s services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted State aid (foundation allowance revenue), and State and federal grants finance most of these activities.

The School District as Trustee – Reporting the School District’s Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds and its private purpose trust funds. All of the School District’s fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the School District’s other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

SUMMARY OF NET ASSETS:

The following summarizes the net assets at the fiscal years ended June 30, 2008 and 2007:

	<u>NET ASSETS SUMMARY</u>	
	<u>2008</u>	<u>2007</u>
ASSETS		
Current Assets	\$5,809,367	\$3,165,750
Non-Current Assets	<u>6,344,758</u>	<u>6,493,589</u>
<u>TOTAL ASSETS</u>	<u>\$12,154,125</u>	<u>\$9,659,339</u>
<u>LIABILITIES</u>		
Current Liabilities	\$1,259,541	\$1,368,210
Long-Term Liabilities	<u>4,640,785</u>	<u>4,379,221</u>
Total Liabilities	<u>\$5,900,326</u>	<u>\$5,747,431</u>
<u>NET ASSETS</u>		
Invested in Capital Assets - Net of Related Debt	2,767,467	1,771,502
Restricted - Debt Service	295,614	262,653
Unrestricted	<u>3,190,718</u>	<u>1,877,753</u>
Total Net Assets	<u>\$6,253,799</u>	<u>\$3,911,908</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$12,154,125</u>	<u>\$9,659,339</u>

GLEN LAKE COMMUNITY SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

RESULTS OF OPERATIONS:

For the fiscal years ended June 30, 2008 and 2007, the District wide results of operations were:

	<u>2008</u>	<u>2007</u>
REVENUES		
General Revenues:		
Property Taxes Levied for General Operations	\$6,503,491	\$5,876,407
Property Taxes Levied for Debt Service	777,700	720,129
Property Taxes Levied for Capital Projects	663,151	624,463
State of Michigan Unrestricted Foundation Aid	94,619	123,190
Other General Revenues	<u>205,827</u>	<u>115,926</u>
Total General Revenues	\$8,244,788	\$7,460,115
<u>Operating Grants:</u>		
Federal	2,448,292	231,389
State of Michigan	336,521	385,065
Other Operating Grants	<u>158,990</u>	<u>194,966</u>
Total Operating Grants	\$2,943,803	\$811,420
Charges for Services:		
Food Service	189,925	174,182
Athletics	59,877	49,194
Other Charges for Services	<u>77,360</u>	<u>80,585</u>
Total Charges for Services	\$327,162	\$303,961
Total Revenues	\$11,515,753	\$8,575,496
<u>EXPENSES</u>		
Instruction & Instructional Support	4,531,584	4,093,830
Support Services	2,998,097	2,305,614
Community Services	69,842	110,612
Food Service	330,940	271,535
Athletics	387,472	317,662
Timber Management	194	324
Interest on Long-Term Debt	560,185	34,179
Bond Issuance Costs	125,567	0
Depreciation	<u>169,981</u>	<u>241,222</u>
Total Expenses	\$9,173,862	\$7,374,978
INCREASE IN NET ASSETS	\$2,341,891	\$1,200,518
BEGINNING NET ASSETS	<u>3,911,908</u>	<u>2,711,390</u>
<u>ENDING NET ASSETS</u>	<u><u>\$6,253,799</u></u>	<u><u>\$3,911,908</u></u>

GLEN LAKE COMMUNITY SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

GOVERNMENT- WIDE FINANCIAL ANALYSIS

Analysis of Financial Position:

During the year ended June 30, 2008, the District's Total Net Assets increased by \$2,341,891 to a total of \$6,253,799. The largest portion of the net assets are the District's investment in capital assets. Net assets (invested in capital assets, net of related debt) increased by \$995,965 during the year due to purchases of new capital assets and principal payments on related debt exceeding depreciation. The District's Unrestricted Net Assets increased by \$1,312,965 during the year and the restricted portion of the net assets increased by \$32,961. The restricted Net Assets consist of the Investment in Capital Assets-net of related debt and the restricted debt retirement funds that may only be used to pay bonded debt. The unrestricted net assets may be used to fund the educational services provided to students. The significant changes in unrestricted net assets was the general fund revenues exceeding expenditures.

Analysis of Results of Operations

The district's overall revenues exceeded expenses for the year by \$2,341,891. The total revenues increased by \$2,940,257 or 34% over last years amounts. The major change in revenue was primarily due to increases in property taxes and federal grants. Expenses increased by \$1,798,884 or 24% over last year. Bond reissuance costs accounted for \$651,000 or 36% of the increase in costs. Support services increased by \$692,000 or 38%. The majority of this category increase was due to tax abatements repaid to the county, building/ground improvements, and diesel fuel costs to operate bus fleet. Instruction costs increased 24% or \$437,000. Cost increases in this category include the addition of three new full time positions, additional Special Ed support and other related payroll/benefit increases.

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS

Analysis of Financial Position

The focus of the District's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the district's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a governments net resources available for spending at the end of the fiscal year. An analysis of changes for the governmental funds is as follows:

General Fund

The district's general fund is the chief operating fund of the district. Unreserved fund balance for the general fund increased by \$2,028,559 during the year with the increase coming primarily in cash. Revenues for the year increased by \$2,742,569 due to increases in property taxes and federal grants. Expenditures and other financing uses increased by \$864,937, primarily from the addition of instructional staff and related payroll/benefit increases as well as the \$234,000 tax repayment to the county. The major source of general fund revenues is state aid and taxes. An analysis of them is as follows:

1. State of Michigan Unrestricted Aid (Net State Foundation Grant)

The State of Michigan aid, unrestricted, is determined with the following variables:

- a. State of Michigan State Aid Act per student foundation allowance
- b. Student Enrollment - Blended at 75 percent of current year's fall count and 25 percent of prior year's winter count
- c. The District's non-homestead tax levy.

2. Per Student, Foundation Allowance:

Annually, the State of Michigan establishes the per student foundation allowance. The Glen Lake Community Schools foundation allowance was \$7,361 per student for the 2007-2008 school year and only applied to special education students since the general education students foundation allowance was covered by the non homestead taxes collected.

GLEN LAKE COMMUNITY SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS (Continued)

Analysis of Financial Position (Continued)

General Fund (Continued)

3. Student Enrollment:

The District's student enrollment for the fall count of 2007-2008 was 821 students. An increase of 12 students from the prior year.

4. Property Taxes Levied For General Operations (General Fund Non-Homestead Taxes)

The District levies 15.0696 mills of property taxes for operations (General Fund) on Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property tax revenue for the 2007-2008 fiscal year was \$6,360,753. An increase of \$508,472 from the prior year.

Capital Projects Sinking Fund

The districts Capital Projects Sinking Fund balance increased by \$383,882. Sinking fund taxes levied are the primary source of revenue in the fund and they increased by \$38,688 from the previous year. Expenditures which are restricted for construction projects increased by \$290,529 from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS:

GENERAL FUND BUDGET VS. ACTUAL

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Original & Final Budget %</u>	<u>Variance Actual & Final Budget %</u>
Revenue	\$7,019,549	\$8,846,060	\$9,651,436	26.02%	9.10
Expenditures	7,019,549	7,384,051	7,622,877	5.19%	3.23
<u>TOTAL</u>	<u>\$0</u>	<u>\$1,462,009</u>	<u>\$2,028,559</u>		

CAPITAL PROJECTS BUDGET VS. ACTUAL

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Original & Final Budget %</u>	<u>Variance Actual & Final Budget %</u>
Revenue	\$676,976	\$691,838	\$692,856	2.20%	0.15
Expenditures	725,000	295,411	308,974	59.25%	4.59
<u>TOTAL</u>	<u>(\$48,024)</u>	<u>\$396,427</u>	<u>\$383,882</u>		

GLEN LAKE COMMUNITY SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

ANALYSIS OF BUDGETS:

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, Glen Lake Community Schools amends its budget during the school year. The June, 2008 budget amendment was the final budget for the fiscal year.

General Fund

- Original vs. Final Budgets
 - Revenues – Significant items affecting Original vs. Final revenue estimates include: Release of 1.8 million of Impact Aid in May 2008. Due to unknowns, not included in Original budget.
 - Expenditures – Significant items affecting Original vs. Final expenditures estimates include: Impact Aid payments, special education support services, retirement severance costs, fuel increases, bleacher installation and food services support.
- Final Budgets vs. Actual Results
 - Revenues – Significant items affecting Final Budgets vs. Actual include: \$500,000 receipt of additional Impact Aid on July 2, 2008 which was recorded to 07-08 Fiscal year by Auditors. \$212,000 receivable from State of Michigan Department of Education for their portion of tax abatement costs. Unbudgeted additional revenue from Investment of Impact Aid and increased child care revenues.
 - Expenditures – Significant items affecting Final Budgets vs. Actual include: Tax abatement invoice that was received June 30, 2008.

Capital Projects Fund

- Original vs. Final Budgets
 - Revenues – Significant items affecting Original vs. Final revenue estimates include: Delinquent personal property taxes not budgeted.
 - Expenditures – Significant items affecting Original vs. Final expenditures estimates include: Phase II of the HVAC (Heating/Cooling) project delayed until the following fiscal year.
- Final Budgets vs. Actual Results
 - Revenues – Significant items affecting Final Budgets vs. Actual include: Not significant.
 - Expenditures – Significant items affecting Final Budgets vs. Actual include: Tax abatement costs.

GLEN LAKE COMMUNITY SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

CAPITAL ASSET AND DEBT ADMINISTRATION

A. Debt, Principal Payments

The District made principal payments on bonded, long term debt obligations that reduced the amount of the District's long term liabilities as follows:

	Principal Balance 7-1-07	Increases 6-30-08	Principal Payments 6-30-08	Principal Balance 6-30-08
General Obligation Bonds	\$4,722,087	\$8,625,000	\$4,440,769	\$8,906,318
Deferred Amount on Refunding	0	0	4,804,231	(4,804,231)
Unamortized Premium	0	472,992	0	472,992
Sick Days Payable	277,134	33,237	0	310,371
<u>Total Long-Term Debt</u>	<u>\$4,999,221</u>	<u>\$9,131,229</u>	<u>\$9,245,000</u>	<u>\$4,885,450</u>

2008 REFUNDING BONDS

On March 4, 2008, Glen Lake Community Schools issued \$8,625,000 in General Obligation – Unlimited Tax Bonds with an average interest rates ranging from of 3% to 5%. The District issued the bonds to advance refund \$3,820,768 of the outstanding 1993 School Capital Project and Refunding Bonds with an interest rate of 5.65% to 5.95%. The net proceeds were deposited with an escrow agent and used to purchase U.S. Government Securities. These securities will provide for all of the future debt service on the 1993 Bonds. As a result the 1993 Bond Issues are considered defeased and the District has removed the liability from its accounts. The advanced refunding was done in order to reduce debt payments. The refunding decreased the District's total debt service payments by \$2,071,820. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of \$1,399,055. The balance of the bonds at June 30, 2008 was \$8,625,000.

B. Capital Assets

The district's net investment in capital assets decreased by \$148,831 during the fiscal year. This can be summarized as follows:

	Balance 7-1-07	Additions	Deductions	Balance 6-30-08
Capital Assets	\$13,026,381	\$111,708	\$0	\$13,138,089
Less: Accumulated Depreciation	(6,532,792)	(260,539)	0	(6,793,331)
<u>Net Investment Capital Outlay</u>	<u>\$6,493,589</u>	<u>(\$148,831)</u>	<u>\$0</u>	<u>\$6,344,758</u>

Significant additions was the purchase of a bus.

GLEN LAKE COMMUNITY SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

* Retirement Rates

The continuing cost of health insurance to current and potential retirees continues to drive the rate increases the Michigan School Personnel Retirement System recommends to the legislature for approval. The rate is anticipated to decrease to 16.54% from 16.72% in 07-08.

The Glen Lake Community Schools 2008/2009 General Fund adopted budget is as follows:

REVENUE	\$7,326,939
EXPENDITURES	<u>7,549,509</u>
<u>NET (UNDER) BUDGET</u>	<u><u>(\$222,570)</u></u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Office, Glen Lake Community Schools.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2008

	<u>Governmental Activities</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$4,583,025
Investments	568,927
Accounts Receivable	3,734
Due from Other Governmental Units	609,115
Inventory	4,285
Prepaid Expenses	40,281
Total Current Assets	<u>\$5,809,367</u>
<u>NON-CURRENT ASSETS</u>	
Capital Assets	13,138,089
Less: Accumulated Depreciation	<u>(6,793,331)</u>
Total Noncurrent Assets	<u>\$6,344,758</u>
<u>TOTAL ASSETS</u>	<u>\$12,154,125</u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$188,581
Due to Other Governmental Units	106,491
Accrued Expenses	159,686
Salaries Payable	351,181
Deferred Revenue	208,936
Current Portion of Long-Term Obligations	244,666
Total Current Liabilities	<u>\$1,259,541</u>
<u>NON-CURRENT LIABILITIES</u>	
Noncurrent Portion of Long-Term Obligations	<u>4,640,785</u>
<u>TOTAL LIABILITIES</u>	<u>\$5,900,326</u>
<u>NET ASSETS</u>	
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	2,767,467
Restricted for:	
Debt Service	295,614
Unrestricted	<u>3,190,718</u>
<u>TOTAL NET ASSETS</u>	<u>\$6,253,799</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$12,154,125</u>

See accompanying notes to the basic financial statements.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR JUNE 30, 2008

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue & Change in Net Assets
		Charges For Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$4,531,584	\$0	\$2,671,403	(\$1,860,181)
Support Services	2,998,097	10,228	166,369	(2,821,500)
Community Services	69,842	67,132	0	(2,710)
Food Service	330,940	189,925	106,031	(34,984)
Athletics	387,472	59,877	0	(327,595)
Timber Management	194	0	0	(194)
Interest - Long-Term Obligations	560,185	0	0	(560,185)
Bond Issuance Costs	125,567	0	0	(125,567)
Depreciation - Unallocated	169,981	0	0	(169,981)
<u>TOTALS</u>	<u>\$9,173,862</u>	<u>\$327,162</u>	<u>\$2,943,803</u>	<u>(\$5,902,897)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				7,944,342
State Aid				94,619
Investment Earnings				115,653
Miscellaneous				90,174
Total General Revenues and Transfers				<u>\$8,244,788</u>
Change in Net Assets				<u>\$2,341,891</u>
Net Assets - Beginning				<u>3,911,908</u>
<u>Net Assets - Ending</u>				<u>\$6,253,799</u>

See accompanying notes to the basic financial statements.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN

BALANCE SHEET

GOVERNMENTAL FUNDS

AS OF JUNE 30, 2008

	<u>General Fund</u>	<u>Sinking Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$3,238,860	\$1,010,699	\$333,466	\$4,583,025
Investments	568,927	0	0	568,927
Accounts Receivable	3,734	0	0	3,734
Due from Other Funds	5,666	0	0	5,666
Due from Other Governmental Units	609,115	0	0	609,115
Inventory	0	0	4,285	4,285
Prepaid Expenses	40,281	0	0	40,281
<u>TOTAL ASSETS</u>	<u>\$4,466,583</u>	<u>\$1,010,699</u>	<u>\$337,751</u>	<u>\$5,815,033</u>
<u>LIABILITIES</u>				
Accounts Payable	\$185,709	\$1,000	\$1,872	\$188,581
Due to Other Funds	0	0	5,666	5,666
Due to Other Governmental Units	80,797	11,910	13,784	106,491
Accrued Expenses	85,582	0	0	85,582
Salaries Payable	351,181	0	0	351,181
Deferred Revenue	208,936	0	0	208,936
Total Liabilities	\$912,205	\$12,910	\$21,322	\$946,437
<u>FUND BALANCES</u>				
Reserved For:				
Inventory	0	0	4,285	4,285
Debt Retirement	0	0	295,614	295,614
Capital Projects	0	997,789	0	997,789
Unreserved:				
Undesignated, Reported In:				
General Fund	3,554,378	0	0	3,554,378
Special Revenue Funds	0	0	16,530	16,530
Total Fund Balances	<u>\$3,554,378</u>	<u>\$997,789</u>	<u>\$316,429</u>	<u>\$4,868,596</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$4,466,583</u>	<u>\$1,010,699</u>	<u>\$337,751</u>	<u>\$5,815,033</u>

See accompanying notes to the basic financial statements.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
AS OF JUNE 30, 2008

Total Governmental Fund Balances:		\$4,868,596
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$13,138,089 and the accumulated depreciation is \$6,793,331		6,344,758
Accrued Interest on Long-Term Debt		(74,104)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds Payable	\$8,906,319	
Unamortized Premium	472,992	
Deferred Amount on Refunding	(4,804,231)	
Sick Days Payable	310,371	
Total Long-Term Liabilities		<u>(4,885,451)</u>
<u>TOTAL NET ASSETS -</u> <u>GOVERNMENTAL ACTIVITIES</u>		<u>\$6,253,799</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Sinking Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local Sources	\$6,842,899	\$692,856	\$1,064,145	\$8,599,900
State Sources	418,893	0	12,247	431,140
Federal Sources	2,354,508	0	93,784	2,448,292
Total Revenues	\$9,616,300	\$692,856	\$1,170,176	\$11,479,332
EXPENDITURES				
Current:				
Instruction	4,531,441	0	0	4,531,441
Student Services	215,667	0	0	215,667
Instructional Support	176,849	0	0	176,849
General Administration	289,230	0	0	289,230
School Administration	357,611	0	0	357,611
Business Administration	310,206	0	0	310,206
Operation & Maintenance of Plant	730,881	0	0	730,881
Transportation	504,869	0	0	504,869
Other Support Services	96,383	0	0	96,383
Community Services	69,842	0	0	69,842
Special Revenue	0	0	691,697	691,697
Debt Service	0	0	652,338	652,338
Capital Outlay	0	308,974	0	308,974
Total Expenditures	\$7,282,979	\$308,974	\$1,344,035	\$8,935,988
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	\$2,333,321	\$383,882	(\$173,859)	\$2,543,344
OTHER FINANCING SOURCES (USES)				
Transfers from (to) Other Funds	(317,506)	0	317,506	0
Bond Proceeds	0	0	8,625,000	8,625,000
Issuance Premium	0	0	472,992	472,992
Payments to Escrow Agent	0	0	(9,084,425)	(9,084,425)
Issuance Costs	0	0	(125,567)	(125,567)
Other Transfers	12,744	0	1,285	14,029
Total Other Financing Sources (Uses)	(\$304,762)	\$0	\$206,791	(\$97,971)
Net Change in Fund Balance	\$2,028,559	\$383,882	\$32,932	\$2,445,373
FUND BALANCE - BEGINNING	1,525,819	613,907	283,497	2,423,223
FUND BALANCE - ENDING	\$3,554,378	\$997,789	\$316,429	\$4,868,596

See accompanying notes to the basic financial statements.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Total net change in fund balances - governmental funds	\$2,445,373
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(148,831)
Bond Proceeds and Unamortized Premium	(9,097,992)
Deferred Amount on Refunding	4,804,231
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.	4,440,769
(Increase) in accrued compensated absences	(33,237)
Change in accrued interest on long-term liabilities	<u>(68,422)</u>
<u>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</u>	<u>\$2,341,891</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
AS OF JUNE 30, 2008

	Private Purpose Trusts	Trust & Agency	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$64,349	\$129,360	\$193,709
Investments	599,491	0	599,491
<u>TOTAL ASSETS</u>	<u>\$663,840</u>	<u>\$129,360</u>	<u>\$793,200</u>
<u>LIABILITIES</u>			
Due to Student Groups	\$0	\$129,360	\$129,360
<u>NET ASSETS - HELD IN TRUST FOR OTHERS</u>	<u>663,840</u>	<u>0</u>	<u>663,840</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$663,840</u>	<u>\$129,360</u>	<u>\$793,200</u>

See accompanying notes to the basic financial statements.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Private Purpose Trusts</u>
<u>ADDITIONS</u>	
Revenue from Contributions and Earnings	\$55,740
<u>DEDUCTIONS</u>	
Scholarships and Other Expenses	<u>77,619</u>
<u>CHANGE IN NET ASSETS</u>	(\$21,879)
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>685,719</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$663,840</u>

See accompanying notes to the basic financial statements.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
<u>REVENUES</u>				
Local Sources	\$6,352,559	\$6,406,186	\$6,842,899	\$436,713
State Sources	219,088	228,450	418,893	190,443
Federal Sources	334,207	1,995,851	2,354,508	358,657
Total Revenues	\$6,905,854	\$8,630,487	\$9,616,300	\$985,813
<u>EXPENDITURES</u>				
Current:				
Instruction	4,309,485	4,493,102	4,531,441	(38,339)
Student Services	240,390	215,676	215,667	9
Instructional Support	181,863	176,879	176,849	30
General Administration	279,735	289,443	289,230	213
School Administration	355,650	357,637	357,611	26
Business Administration	53,618	73,966	310,206	(236,240)
Operation & Maintenance of Plant	697,245	730,901	730,881	20
Transportation	460,517	504,940	504,869	71
Other Support Services	134,697	96,400	96,383	17
Community Services	79,273	108,197	69,842	38,355
Total Expenditures	\$6,792,473	\$7,047,141	\$7,282,979	(\$235,838)
Excess of Revenues Over Expenditures	\$113,381	\$1,583,346	\$2,333,321	\$749,975
<u>OTHER FINANCING SOURCES (USES)</u>	(113,381)	(121,337)	(304,762)	(183,425)
Net Change in Fund Balance	\$0	\$1,462,009	\$2,028,559	\$566,550
<u>FUND BALANCE - BEGINNING</u>			1,525,819	
<u>FUND BALANCE - ENDING</u>			\$3,554,378	

See accompanying notes to the basic financial statements.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SINKING CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Local Sources	\$676,976	\$691,838	\$692,856	\$1,018
<u>EXPENDITURES</u>				
Current:				
Capital Outlay	<u>725,000</u>	<u>295,411</u>	<u>308,974</u>	<u>(13,563)</u>
Net Change in Fund Balance	(\$48,024)	\$396,427	\$383,882	(\$12,545)
<u>FUND BALANCE - BEGINNING</u>			<u>613,907</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$997,789</u>	

See accompanying notes to the basic financial statements.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

1) REPORTING ENTITY

The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing arrangements. Based on application of the criteria, the entity does not contain component units.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes, and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Glen Lake Community Schools conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section to provide an analysis of the District’s overall financial position and results of operations.

Financial statements prepared with full accrual accounting for all of the District’s activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements and notes to the financial statements.

A) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the District’s activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District’s functions. General government revenues also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

The District does not allocate indirect costs. Inter-fund transactions have been eliminated in the government-wide financial statements.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the general-purpose financial statements in this report, into five generic fund types in two broad fund categories as follows:

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund

The General Fund is used to record the general operations of the District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Funds

Special Revenue Funds are used to segregate the transactions of particular activities from regular revenue and expenditure accounts. The District maintains full control of these funds. The District maintains three school service funds: Food Service, Athletic and Timber Management Funds.

Debt Retirement Fund

The Debt Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Sinking Capital Projects Fund

The 2006 Capital Projects Fund records capital project activities funded with Sinking Fund millage. For this fund, the District has complied with the applicable provisions of §1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and Sinking Funds in Michigan.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The District's fiduciary funds consist of agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used to account for amount held for student and employee groups.

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS (Continued)

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 40 *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

E) PREPAID ASSETS

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

F) INVENTORY

On government-wide financial statements are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. Inventory in governmental funds consists of expendable supplies held for consumption.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a \$5,000 capitalization threshold and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Improvements	20 – 50 years
Furniture and Equipment	5 – 10 years
Vehicles and Buses	5 years

H) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities columns of the statement of net assets.

I) COMPENSATED ABSENCES

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS (Continued)

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

K) FUND BALANCE RESERVES

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories.

L) NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N) BUDGETARY DATA

The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

- 1) Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
- 2) A public hearing is conducted during June to obtain taxpayer comments.
- 3) Prior to June 30, the budget is legally enacted through passage of a resolution.
- 4) For purposes of meeting emergency needs of the School District, transfer of appropriations may be made by the authorization of the Superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N) BUDGETARY DATA (Continued)

- 5) The School Superintendent is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – BUDGET VIOLATIONS

1968 PA 2 provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the School District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the School District for these budgetary funds were adopted to the functional level.

During the year ended June 30, 2008, the School incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated.

4) DEPOSITS AND INVESTMENTS

As of June 30, 2008, the District had the following investments.

Investment Type	Fair value	Weighted Average Maturity (Years)	Credit Quality Rating	Portfolio %
Mutual Funds - Bonds:				
BlackRock Total Return	\$ 17,574	7.4300	AAA	
Lord Abbott Bond Debenture Fund A	16,957	10.0100	AAA	
Lord Abbott Bond Debenture Fund C	1,465	10.0100	AAA	
Huntington Fixed Income Securities Fund	49,991	6.8000	AA	
Frank Russell Short Duration Fund	83,140	2.1000	A	
Vanguard Total Bond Market Index	43,833	7.5000	AA1/AA2	
Vanguard High Yield Corporate Fund	3,721	7.0000	Ba2	
Federated Total Return Bond	198,464	7.0000	AA	
Total Mutual Funds - Bonds	\$ 415,145			35.53%
Mutual Funds - Equities	184,346	N/A	N/A	15.78%
MILAF External Investment Pool - MICMS	77	0.0027	AAAm	0.01%
MILAF External Investment Pool - MIMAX	568,850	0.0027	AAAm	48.69%
Total fair value	<u>\$1,168,418</u>			<u>100.00%</u>
Portfolio weighted average maturity		<u>2.2039</u>		

1 day maturity equals 0.0027, one year equals 1.00.

Interest rate risk. In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

4) DEPOSITS AND INVESTMENTS (Continued)

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2008, the District's investment in the investment pool was rated AAA by Standards & Poor's and AAA by Moody's Investors Service.

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5% of the District's investments are in mutual funds and pooled investment accounts which represents 100% of the District's total investments.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2008, \$4,515,176 of the District's bank balance of \$5,003,908 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk.

The above amounts as previously report in Note 4:

Deposits – Including Fiduciary Funds of \$193,709	\$ 4,776,734
Investments	<u>1,168,418</u>
<u>TOTAL</u>	<u>\$ 5,945,152</u>

The above amounts are reported in the financial statements as follows:

Cash Private Purpose Trusts	\$ 64,349
Cash Agency Fund	129,360
Cash – District Wide	4,583,025
Investments – Private Purpose Trusts	599,491
Investments – District Wide	<u>568,927</u>
<u>TOTAL</u>	<u>\$ 5,945,152</u>

5) PROPERTY TAXES

The School District levies its property taxes on December 1 and various municipalities collect its property taxes and remit them to the District through February. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, the proceeds of which have been used to pay the District for these delinquent real property taxes. These delinquent real property taxes have been recorded as revenue in the current year.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

6) RECEIVABLES

Receivables at June 30, 2008, consist of taxes, accounts (fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables (due from other governmental units) follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>AMOUNT</u>
State Aid	\$ 57,143
Federal Grants	486,915
Other Grants	65,057
<u>TOTAL</u>	<u>\$ 609,115</u>

7) UNEMPLOYMENT COMPENSATION

The District is subject to the Michigan Employment Security Act and has elected the reimbursement method of financing. Under this method, the District must reimburse the Employment Commission for all benefits charged against the District for the year. As of June 30, 2008, the School District had estimated claims of \$5,511 in conjunction with the program.

8) SHORT-TERM DEBT

On October 15, 2007, the District borrowed \$900,000 at 3.47% per annum from State Savings Bank on a State Aid Anticipation Note. The short-term note proceeds were used to meet cash flow needs. The note was repaid on March 10, 2008.

	<u>Balance 7-1-07</u>	<u>Loan Proceeds</u>	<u>Loan Repayments</u>	<u>Balance 6-30-08</u>
State Aid Note	\$0	\$900,000	\$900,000	\$0

9) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	<u>Balance 7-1-07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6-30-08</u>
GOVERNMENTAL ACTIVITIES				
Buildings and Improvements	\$11,463,516	\$0	\$0	\$11,463,516
Land Improvements	329,067			329,067
Equipment and Furniture	551,666	26,863	0	578,529
Vehicles	682,132	84,845	0	766,977
Totals at Historical Cost	\$13,026,381	\$111,708	\$0	\$13,138,089
Less: Accumulated Depreciation				
Buildings and Improvements	(5,465,734)	(173,704)	0	(5,639,438)
Land Improvements	(230,379)	(11,457)		(241,836)
Equipment and Furniture	(402,206)	(31,465)		(433,671)
Vehicles	(434,473)	(43,913)		(478,386)
Total Accumulated Depreciation	<u>(\$6,532,792)</u>	<u>(\$260,539)</u>	<u>\$0</u>	<u>(\$6,793,331)</u>
GOVERNMENTAL ACTIVITIES				
<u>CAPITAL ASSETS - NET</u>	<u>\$6,493,589</u>	<u>(\$148,831)</u>	<u>\$0</u>	<u>\$6,344,758</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

9) CAPITAL ASSETS (Continued)

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated". Depreciation was recorded on the statement of activities as follows:

Instruction	\$ 143
Support Services	63,506
Food Service	6,319
Athletics	20,590
Unallocated	<u>169,981</u>
 <u>TOTAL DEPRECIATION EXPENSE</u>	 <u>\$ 260,539</u>

10) GENERAL LONG-TERM DEBT

A) GENERAL OBLIGATION BONDS PAYABLE – 1993 SERIES

Glen Lake Community Schools has issued bonds to partially advance refund the 1991 Series bonds. These bonds were issued October 21, 1993 in the amount of \$7,288,517.45 bearing interest at rates varying from 2.6% to 5.95 per annum. These bonds were partially defeased on March 4, 2008. See Note 10 D. The balance of the bonds as of June 30, 2008 was \$237,748.

B) 2003 REFUNDING BONDS

On September 30, 2003, the Glen Lake Community Schools issued \$2,725,000 in General Obligation – Unlimited Tax Bonds with an average interest ranging from of 1.50% to 2.75%. The District issued the bonds to advance refund \$2,900,000 of the outstanding 1993 Bond Issue with a interest rate ranging from 4.4% to 4.9%. The net proceeds were deposited with an escrow agent and used to purchase U.S. Government Securities. These bonds were paid in full during the year.

C) DURANT RESOLUTION PACKAGE BONDS

Glen Lake Community Schools issued Durant Resolution Bonds on November 24, 1998 in the amount of \$73,789.00 at the interest rate of 4.7613%. The bonds are a legal obligation of the school district but the annual State of Michigan appropriation is the only revenue source for making the annual debt service payments on the bonds. If the legislature fails to appropriate the bonds, the district is under no obligation for payment. The balance at June 30, 2008 was \$43,570.

D) 2008 REFUNDING BONDS

On March 4, 2008, Glen Lake Community Schools issued \$8,625,000 in General Obligation – Unlimited Tax Bonds with an average interest rates ranging from of 3% to 5%. The District issued the bonds to advance refund \$3,820,768 of the outstanding 1993 School Capital Project and Refunding Bonds with an interest rate of 5.65% to 5.95%. The net proceeds were deposited with an escrow agent and used to purchase U.S. Government Securities. These securities will provide for all of the future debt service on the 1993 Bonds. As a result the 1993 Bond Issues are considered defeased and the District has removed the liability from its accounts. The advanced refunding was done in order to reduce debt payments. The refunding decreased the District's total debt service payments by \$2,071,820. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of \$1,399,055. The balance of the 2008 refunding bonds at June 30, 2008 was \$8,625,000.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

10) GENERAL LONG-TERM DEBT (Continued)

E) ANNUAL PRINCIPAL REQUIREMENTS

The annual principal requirements for all debts outstanding as of June 30, 2008 are as follows:

	BONDS PAYABLE	INTEREST	TOTAL
June 30, 2009	\$208,282	\$673,055	\$881,337
June 30, 2010	452,875	389,994	842,869
June 30, 2011	549,507	325,912	875,419
June 30, 2012	599,721	309,348	909,069
June 30, 2013	665,933	299,919	965,852
June 30, 2014-2018	3,745,000	1,133,276	4,878,276
June 30, 2019-2021	2,685,000	163,900	2,848,900
<u>TOTAL</u>	<u>\$8,906,318</u>	<u>\$3,295,404</u>	<u>\$12,201,722</u>

The payment dates of sick days payable is undeterminable. The interest expenditures on long-term obligations for the year were \$16,008.

F) CHANGES IN GENERAL LONG-TERM DEBT

	Balance 7-1-07	Additions	Deductions	Balance 6-30-08	Amount Due in One Year
Governmental Activities:					
General Obligation Bonds	\$4,722,087	\$8,625,000	\$4,440,769	\$8,906,318	\$208,282
Deferred Amount on Refunding	0	0	4,804,231	(4,804,231)	(369,556)
Unamortized Premium	0	472,992	0	472,992	36,384
Unpaid Sick Days Payable	277,134	33,237	0	310,371	0
<u>Total Governmental Activities</u>	<u>\$4,999,221</u>	<u>\$9,131,229</u>	<u>\$9,245,000</u>	<u>\$4,885,450</u>	<u>(\$124,890)</u>

11) INTERFUND ACTIVITY

Interfund balances at June 30, 2008 consisted of the following:

DUE TO	DUE FROM
	GENERAL FUND
Special Revenue Fund	<u>\$5,666</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

12) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2008, consisted of the following:

TRANSFERS FROM	
TRANSFERS TO	GENERAL FUND
Food Service Fund	\$25,923
Athletics Fund	291,583
<u>TOTAL</u>	<u>\$317,506</u>

These transfers were made to subsidize the cost of services for athletics and provide for additional education services in the general fund.

13) DEFINED BENEFIT PENSION PLAN

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The MPERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the MPERS at 7150 Harris Drive, PO Box 30673, Lansing, MI 48909-8103.

Funding Policy

Employer contributions to the MPERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 17.74 percent for the period July 1, 2007 through September 30, 2007 and 16.72 percent for the period October 1, 2007 through June 30, 2008 of the covered payroll to the plan. Basic plan members make no contributions, but contribute to a member investment plan (MIP) at rates ranging from 3 percent to 4.3 percent of gross wages. The School District's contributions to the MPERS pension plan for the years ended June 30, 2008, 2007 and 2006 were \$746,602, \$704,347 and \$662,876, respectively.

Postemployment Benefits

Under the MPERS Act, all retirees participating in the MPERS pension plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverages. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPERS pension plan discussed above.

15) RISK MANAGEMENT

The District is exposed to various risks of loss in conducting its operations, from property and casualty theft, damage to various tort and liability claims and workman's compensation claims. The District limits its exposure to such claims through its participation in and payments of premiums to SET-SEG, Inc. Insurance Trust. This pool maintains a loss fund and is also required by the terms of the participation agreement to obtain insurance and reinsurance as necessary.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

15) RISK MANAGEMENT (Continued)

The terms of the participation agreement with the pool indicate that, should losses of the pool incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may access its member districts on a pro-rata basis to cover excess losses. In past years the loss fund has exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in this pool provides sufficient coverage to protect the District from any significant adverse financial impact.

16) CONTINGENCIES AND COMMITMENTS

The District participates in a number of federally assisted grant programs. These programs are subject to program compliance audits. The audits of these programs for and including the year ended June 30, 2008, have been conducted and have been reported in this audit report. However, the compliance audit reports have not yet been accepted by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time; although the District expects such amounts, if any, to be immaterial.

OTHER SUPPLEMENTAL
INFORMATION

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
AS OF JUNE 30, 2008

	Special Revenue Funds	Debt Retirement Funds	Total Other Governmental Funds
<u>ASSETS</u>			
Cash and Cash Equivalents	\$24,068	\$309,398	\$333,466
Inventory	4,285	0	4,285
<u>TOTAL ASSETS</u>	<u>\$28,353</u>	<u>\$309,398</u>	<u>\$337,751</u>
<u>LIABILITIES</u>			
Accounts Payable	\$1,872	\$0	\$1,872
Due to Other Funds	5,666	0	5,666
Due to Other Governmental Units	0	13,784	13,784
Total Liabilities	\$7,538	\$13,784	\$21,322
<u>FUND BALANCES</u>			
Reserved For:			
Inventory	4,285	0	4,285
Debt Retirement	0	295,614	295,614
Unreserved:			
Undesignated, Reported In:			
Special Revenue Funds	16,530	0	16,530
Total Fund Balances	\$20,815	\$295,614	\$316,429
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$28,353</u>	<u>\$309,398</u>	<u>\$337,751</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds	Debt Retirement Funds	Total Other Governmental Funds
<u>REVENUES</u>			
Local Sources	\$266,846	\$797,299	\$1,064,145
State Sources	12,247	0	12,247
Federal Sources	93,784	0	93,784
Total Revenues	<u>\$372,877</u>	<u>\$797,299</u>	<u>\$1,170,176</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers to Other Funds	317,506	0	317,506
Transfers from Other Governmental Units	1,285	0	1,285
Bond Proceeds	0	8,625,000	8,625,000
Issuance Premium	0	472,992	472,992
Payments to Escrow Agent	0	(9,084,425)	(9,084,425)
Issuance Costs	0	(125,567)	(125,567)
Total Other Financing Sources (Uses)	<u>\$318,791</u>	<u>(\$112,000)</u>	<u>\$206,791</u>
Total Revenues & Other Financing Sources	<u>\$691,668</u>	<u>\$685,299</u>	<u>\$1,376,967</u>
<u>EXPENDITURES</u>			
Special Revenue	691,697	0	691,697
Debt Retirement	0	652,338	652,338
Total Expenditures	<u>\$691,697</u>	<u>\$652,338</u>	<u>\$1,344,035</u>
Net Change in Fund Balance	(\$29)	\$32,961	\$32,932
<u>NET ASSETS - BEGINNING</u>	<u>20,844</u>	<u>262,653</u>	<u>283,497</u>
<u>NET ASSETS - ENDING</u>	<u>\$20,815</u>	<u>\$295,614</u>	<u>\$316,429</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
SPECIAL REVENUE
COMBINING BALANCE SHEET
AS OF JUNE 30, 2008

	<u>Food Service</u>	<u>Athletic Activities</u>	<u>Timber Management</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$3,253	\$4,518	\$16,297	\$24,068
Inventory	4,285	0	0	4,285
<u>TOTAL ASSETS</u>	<u>\$7,538</u>	<u>\$4,518</u>	<u>\$16,297</u>	<u>\$28,353</u>
<u>LIABILITIES</u>				
Accounts Payable	\$1,872	\$0	\$0	\$1,872
Due to Other Funds	5,666	0	0	5,666
Total Liabilities	\$7,538	\$0	\$0	\$7,538
<u>FUND EQUITY</u>				
Reserved for Inventory	4,285	0	0	4,285
Unreserved and Undesignated	(4,285)	4,518	16,297	16,530
Total Fund Equity	\$0	\$4,518	\$16,297	\$20,815
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$7,538</u>	<u>\$4,518</u>	<u>\$16,297</u>	<u>\$28,353</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
SPECIAL REVENUE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

	Food Service	Athletic Activities	Timber Management	Total
<u>REVENUES</u>				
<u>Local Sources</u>				
Cafeteria Sales	\$189,925	\$0	\$0	\$189,925
Athletic Activities	0	59,877	0	59,877
Interest	118	0	436	554
Other Local Sources	1,340	15,150	0	16,490
Total Local Sources	\$191,383	\$75,027	\$436	\$266,846
<u>State Sources</u>				
State Reimbursements	12,247	0	0	12,247
<u>Federal Sources</u>				
Federal Reimbursements	83,777	0	0	83,777
Commodities	10,007	0	0	10,007
Total Federal Sources	\$93,784	\$0	\$0	\$93,784
Total Revenues	\$297,414	\$75,027	\$436	\$372,877
<u>OTHER FINANCING SOURCES</u>				
Transfers from General Fund	25,923	291,583	0	317,506
Transfers from Other Governmental Units	0	1,285	0	1,285
Total Other Financing Sources	\$25,923	\$292,868	\$0	\$318,791
Total Revenues and Other Financing Sources	\$323,337	\$367,895	\$436	\$691,668
<u>EXPENDITURES</u>				
Salaries - Professional	0	89,303	0	89,303
Salaries - Non-Professional	107,163	145,320	113	252,596
Fica, Retirement, Etc.	27,044	28,926	27	55,997
Purchased Services	568	37,298	0	37,866
Supplies and Materials	182,807	5,847	54	188,708
Capital Outlay	3,034	22,126	0	25,160
Other	4,005	38,062	0	42,067
Total Expenditures	\$324,621	\$366,882	\$194	\$691,697
<u>EXCESS REVENUES AND OTHER FINANCING</u> <u>SOURCES OVER (UNDER) EXPENDITURES</u>	<u>(\$1,284)</u>	<u>\$1,013</u>	<u>\$242</u>	<u>(\$29)</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>\$1,284</u>	<u>\$3,505</u>	<u>\$16,055</u>	<u>20,844</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$0</u>	<u>\$4,518</u>	<u>\$16,297</u>	<u>\$20,815</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
DEBT RETIREMENT FUND
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2008

	<u>2003</u> <u>Debt</u>	<u>2008</u> <u>Debt</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	<u>\$309,398</u>	<u>\$0</u>	<u>\$309,398</u>
<u>TOTAL ASSETS</u>	<u>\$309,398</u>	<u>\$0</u>	<u>\$309,398</u>
<u>LIABILITIES</u>			
Due to Other Governmental Units	\$13,784	\$0	\$13,784
<u>FUND EQUITY</u>			
Reserved - Debt Retirement	<u>295,614</u>	<u>0</u>	<u>295,614</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$309,398</u>	<u>\$0</u>	<u>\$309,398</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
DEBT RETIREMENT FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

	2003 Debt	2008 Debt	Total After Interfund Eliminations
<u>REVENUES</u>			
<u>Local Sources</u>			
Property Taxes	\$777,700	\$0	\$777,700
Earnings on Investments and Deposits	15,019	0	15,019
Other Local Revenue	4,580	0	4,580
Total Local Sources	<u>\$797,299</u>	<u>\$0</u>	<u>\$797,299</u>
<u>OTHER FINANCING SOURCES</u>			
Bond Proceeds	0	8,625,000	8,625,000
Issuance Premium	0	472,992	472,992
Transfers from Other Debt Funds	0	112,000	0
Total Other Financing Sources	<u>\$0</u>	<u>\$9,209,992</u>	<u>\$9,097,992</u>
Total Revenues and Other Financing Sources	<u>\$797,299</u>	<u>\$9,209,992</u>	<u>\$9,895,291</u>
<u>EXPENDITURES</u>			
Redemption of Bond Principal	620,000	0	620,000
Interest on Bonded Debt	16,008	0	16,008
Dues and Fees	800	0	800
Other	15,530	0	15,530
Total Expenditures	<u>\$652,338</u>	<u>\$0</u>	<u>\$652,338</u>
<u>OTHER FINANCING USES</u>			
Payments to Escrow Agent	0	9,084,425	9,084,425
Issuance Costs	0	125,567	125,567
Transfers to Other Debt Funds	112,000	0	0
Total Other Financing Uses	<u>\$112,000</u>	<u>\$9,209,992</u>	<u>\$9,209,992</u>
Total Expenditures and Other Financing Uses	<u>\$764,338</u>	<u>\$9,209,992</u>	<u>\$9,862,330</u>
<u>EXCESS REVENUES AND OTHER FINANCING</u> <u>SOURCES OVER (UNDER) EXPENDITURES</u> <u>AND OTHER FINANCING USES</u>	<u>\$32,961</u>	<u>\$0</u>	<u>\$32,961</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>\$262,653</u>	<u>\$0</u>	<u>\$262,653</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$295,614</u>	<u>\$0</u>	<u>\$295,614</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
ALL AGENCY FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2008

STUDENT ACTIVITY ACCOUNTS				
	BALANCE JULY 1, 2007	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2008
<u>ASSETS</u>				
Cash and Cash Equivalents	\$144,830	\$298,716	\$314,186	\$129,360
<u>TOTAL ASSETS</u>	<u>\$144,830</u>	<u>\$298,716</u>	<u>\$314,186</u>	<u>\$129,360</u>
<u>LIABILITIES</u>				
Due to Student Groups	\$144,830	\$298,716	\$314,186	\$129,360
WELCH SCHOLARSHIP FUND				
	BALANCE JULY 1, 2007	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2008
<u>ASSETS</u>				
Cash and Cash Equivalents	\$5,827	\$6,792	\$3,000	\$9,619
Investments	148,870	3,638	1,629	150,879
Total Assets	<u>\$154,697</u>	<u>\$10,430</u>	<u>\$4,629</u>	<u>\$160,498</u>
<u>NET ASSETS</u>				
Held in Trust for Others	<u>\$154,697</u>	<u>\$10,430</u>	<u>\$4,629</u>	<u>\$160,498</u>
NORCONK SCHOLARSHIP FUND				
	BALANCE JULY 1, 2007	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2008
<u>ASSETS</u>				
Cash and Cash Equivalents	\$3,044	\$2,247	\$3,450	\$1,841
Investments	46,951	1,147	513	47,585
Total Assets	<u>\$49,995</u>	<u>\$3,394</u>	<u>\$3,963</u>	<u>\$49,426</u>
<u>NET ASSETS</u>				
Held in Trust for Others	<u>\$49,995</u>	<u>\$3,394</u>	<u>\$3,963</u>	<u>\$49,426</u>
PARDEE SCHOLARSHIP FUND				
	BALANCE JULY 1, 2007	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2008
<u>ASSETS</u>				
Cash and Cash Equivalents	\$9,138	\$11,244	\$8,000	\$12,382
Investments	346,358	22,306	40,867	327,797
Total Assets	<u>\$355,496</u>	<u>\$33,550</u>	<u>\$48,867</u>	<u>\$340,179</u>
<u>NET ASSETS</u>				
Held in Trust for Others	<u>\$355,496</u>	<u>\$33,550</u>	<u>\$48,867</u>	<u>\$340,179</u>
LEHMANN SCHOLARSHIP FUND				
	BALANCE JULY 1, 2007	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2008
<u>ASSETS</u>				
Cash and Cash Equivalents	\$6,029	\$379	\$1,000	\$5,408
<u>NET ASSETS</u>				
Held in Trust for Others	<u>\$6,029</u>	<u>\$379</u>	<u>\$1,000</u>	<u>\$5,408</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
ALL AGENCY FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2008

<u>HUGHES SCHOLARSHIP FUND</u>				
	<u>BALANCE</u> <u>JULY 1, 2007</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2008</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$6,784	\$7,207	\$6,000	\$7,991
Investments	83,825	65	10,660	73,230
Total Assets	<u>\$90,609</u>	<u>\$7,272</u>	<u>\$16,660</u>	<u>\$81,221</u>
<u>NET ASSETS</u>				
Held in Trust for Others	<u>\$90,609</u>	<u>\$7,272</u>	<u>\$16,660</u>	<u>\$81,221</u>
<u>MARGARET CARLSON BATES SCHOLARSHIP FUND</u>				
	<u>BALANCE</u> <u>JULY 1, 2007</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2008</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	<u>\$15,297</u>	<u>\$104</u>	<u>\$500</u>	<u>\$14,901</u>
<u>NET ASSETS</u>				
Held in Trust for Others	<u>\$15,297</u>	<u>\$104</u>	<u>\$500</u>	<u>\$14,901</u>
<u>CORNELIUS JOHNSON SCHOLARSHIP FUND</u>				
	<u>BALANCE</u> <u>JULY 1, 2007</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2008</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	<u>\$11,527</u>	<u>\$524</u>	<u>\$1,500</u>	<u>\$10,551</u>
<u>NET ASSETS</u>				
Held in Trust for Others	<u>\$11,527</u>	<u>\$524</u>	<u>\$1,500</u>	<u>\$10,551</u>
<u>CHIEF DEPUY SCHOLARSHIP FUND</u>				
	<u>BALANCE</u> <u>JULY 1, 2007</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2008</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	<u>\$2,069</u>	<u>\$87</u>	<u>\$500</u>	<u>\$1,656</u>
<u>NET ASSETS</u>				
Held in Trust for Others	<u>\$2,069</u>	<u>\$87</u>	<u>\$500</u>	<u>\$1,656</u>
<u>TOTALS - ALL FUNDS</u>				
	<u>BALANCE</u> <u>JULY 1, 2007</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2008</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$204,545	\$327,300	\$338,136	\$193,709
Investments	626,004	27,156	53,669	599,491
<u>TOTAL ASSETS</u>	<u>\$830,549</u>	<u>\$354,456</u>	<u>\$391,805</u>	<u>\$793,200</u>
<u>LIABILITIES</u>				
Due to Student Groups	<u>\$830,549</u>	<u>\$354,456</u>	<u>\$391,805</u>	<u>\$793,200</u>

INDIVIDUAL FUND SCHEDULES OF
REVENUES, EXPENDITURES AND
OTHER FINANCING USES

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED JUNE 30, 2008

REVENUES FROM
Local Sources

Property Tax Levy	\$6,503,491
Earnings on Investments and Deposits	70,375
Tuition	77,360
Special Ed Millage	104,823
Other Local Revenues	86,850
Total Revenues from Local Sources	<u>\$6,842,899</u>

State Sources

Unrestricted	
State Aid - Foundation - Sec. 20	94,619
Restricted	
Special Education Categoricals	208,912
At Risk - Sec. 31A	41,370
Durant	7,379
Michigan School Readiness	17,000
Other State Grants	46,713
Other State Grants from ISD	2,900
Total Revenues from State Sources	<u>\$418,893</u>

Federal Sources

Title I	96,121
Title V	1,668
Grants from ISD	8,581
Improving Teacher Quality	48,715
Technology Literacy Challenge	(260)
Impact Aid	2,199,683
Total Revenues from Federal Sources	<u>\$2,354,508</u>
Total Revenues	<u>\$9,616,300</u>

OTHER FINANCING SOURCES

Transfers from Other Governmental Units	31,824
Sale of Fixed Assets	3,312
Total Other Financing Sources	<u>\$35,136</u>

TOTAL REVENUES AND OTHER FINANCING SOURCES
\$9,651,436

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2008

INSTRUCTIONBASIC PROGRAMSElementary

Salaries - Professional	\$1,219,345
Salaries - Non-Professional	65,102
Insurances	235,403
Fica, Retirement, Etc.	314,504
Other Benefits	3,420
Purchased Services	26,739
Supplies and Materials	28,711
Capital Outlay	3,607
Total Elementary	<u>\$1,896,831</u>

High School

Salaries - Professional	1,128,675
Salaries - Non-Professional	48,279
Insurances	251,669
Fica, Retirement, Etc.	293,614
Other Benefits	46,628
Purchased Services	58,041
Supplies and Materials	81,256
Other	4,270
Total High School	<u>\$1,912,432</u>

Preschool

Salaries - Non-Professional	29,290
Fica, Retirement, Etc.	6,739
Purchased Services	54
Supplies and Materials	1,593
Other	724
Total Preschool	<u>\$38,400</u>

Total Basic Programs

\$3,847,663

ADDED NEEDSSpecial Education

Salaries - Professional	251,426
Salaries - Non-Professional	97,875
Insurances	61,254
Fica, Retirement, Etc.	85,629
Purchased Services	33,221
Supplies and Materials	7,426
Total Special Education	<u>\$536,831</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2008

<u>INSTRUCTION (Continued)</u>	
<u>ADDED NEEDS (Continued)</u>	
<u>Compensatory Education</u>	
Salaries - Professional	\$42,003
Salaries - Non-Professional	47,465
Insurances	8,681
Fica, Retirement, Etc.	22,169
Purchased Services	20,175
Supplies and Materials	6,454
Total Compensatory Education	<u>\$146,947</u>
<u>Total Added Needs</u>	<u>\$683,778</u>
<u>TOTAL INSTRUCTION</u>	<u>\$4,531,441</u>
<u>SUPPORT SERVICES</u>	
<u>Student Services</u>	
Salaries - Professional	125,259
Salaries - Non-Professional	25,489
Insurances	26,119
Fica, Retirement, Etc.	36,930
Purchased Services	268
Supplies and Materials	1,248
Other	354
Total Student Services	<u>\$215,667</u>
<u>Instructional Support</u>	
Salaries - Professional	46,565
Salaries - Non-Professional	41,155
Insurances	4,982
Fica, Retirement, Etc.	20,793
Other Benefits	3,411
Purchased Services	26,947
Supplies and Materials	7,203
Capital Outlay	18,738
Other	7,055
Total Instructional Support	<u>\$176,849</u>
<u>General Administration</u>	
Salaries - Professional	94,235
Salaries - Non-Professional	42,884
Insurances	23,241
Fica, Retirement, Etc.	33,223
Other Benefits	13,834
Purchased Services	60,131
Supplies and Materials	6,479
Capital Outlay	1,884
Other	13,319
Total General Administration	<u>\$289,230</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2008

SUPPORT SERVICES (Continued)School Administration

Salaries - Professional	\$174,611
Salaries - Non-Professional	51,397
Insurances	53,244
Fica, Retirement, Etc.	55,779
Other Benefits	3,294
Purchased Services	11,503
Supplies and Materials	2,688
Capital Outlay	749
Other	4,346
Total School Administration	<u>\$357,611</u>

Business Office

Salaries - Non-Professional	51,448
Insurances	6,642
Fica, Retirement, Etc.	12,631
Purchased Services	3,238
Other	236,247
Total Business Office	<u>\$310,206</u>

Operation and Maintenance

Salaries - Professional	50,432
Salaries - Non-Professional	208,277
Insurances	92,655
Fica, Retirement, Etc.	66,938
Other Benefits	1,500
Purchased Services	63,141
Supplies and Materials	201,344
Capital Outlay	40,825
Other	5,769
Total Operation and Maintenance of Plant	<u>\$730,881</u>

Transportation

Salaries - Professional	1,600
Salaries - Non-Professional	230,424
Fica, Retirement, Etc.	57,928
Purchased Services	18,235
Supplies and Materials	120,821
Capital Outlay	73,675
Other	2,186
Total Transportation	<u>\$504,869</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2008

SUPPORT SERVICES (Continued)

Other Support Services

Salaries - Non-Professional	\$36,315
Insurances	4,380
Fica, Retirement, Etc.	8,870
Purchased Services	31,466
Supplies and Materials	4,242
Capital Outlay	10,294
Other	816
Total Other Support Services	<u>\$96,383</u>

TOTAL SUPPORT SERVICES

\$2,681,696

COMMUNITY SERVICES

Salaries - Professional	28,288
Salaries - Non-Professional	24,124
Fica, Retirement, Etc.	13,274
Purchased Services	3,883
Supplies and Materials	272
Other	1
Total Community Services	<u>\$69,842</u>

TOTAL EXPENDITURES

\$7,282,979

OTHER FINANCING USES

Transfers to Other Funds	317,506
Interest	12,579
Transfers to Other Gov't Units	<u>9,813</u>

TOTAL OTHER FINANCING USES

\$339,898

TOTAL EXPENDITURES AND OTHER
FINANCING USES

\$7,622,877

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
TRUST AND AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2008

STUDENT GROUPS	DUE TO (FROM) STUDENT GROUPS		DUE TO (FROM) STUDENT GROUPS	
	JULY 1, 2007	RECEIPTS	DISBURSEMENTS	JUNE 30, 2008
Academic Achievement	\$466	\$0	\$0	\$466
Adirondack Chairs	42	200	0	242
All Night Party	97	18,572	12,908	5,761
Art Club	623	1,767	1,613	777
Band Activities	4,591	11,724	15,428	887
Band Supplies	11	0	0	11
Baseball - Varsity	516	10,065	9,766	815
Basketball - Freshman Boys	57	0	0	57
Basketball - JV	288	0	0	288
Basketball - Girls MS	591	981	1,199	373
Basketball - Middle School	20	0	0	20
Basketball - Varsity Boys	7,482	2,444	6,700	3,226
Basketball - Varsity Girls	2,649	1,827	2,330	2,146
Book Deposit	11,442	(6,044)	1,060	4,338
Cheerleaders - MS	48	0	0	48
Cheerleaders - Varsity	6	0	0	6
Choir - HS	399	880	1,029	250
Choir - MS	71	0	0	71
Class Of 1993	386	0	0	386
Class Of 1995	475	0	0	475
Class Of 1996	239	0	0	239
Class Of 1997	654	0	0	654
Class Of 1998	124	0	0	124
Class Of 2001	75	0	0	75
Class Of 2002	144	0	0	144
Class Of 2003	119	0	0	119
Class Of 2004	188	0	0	188
Class of 2005	1,045	0	0	1,045
Class of 2006	1,414	0	0	1,414
Class of 2007	927	0	0	927
Class of 2008	1,753	0	792	961
Class of 2009	185	2,005	942	1,248
Class of 2010	0	1,007	0	1,007
Climbing Wall	12	0	0	12
Close-Up	109	0	0	109
Color Guard	883	0	0	883
Community Theatre	657	0	0	657
Cross Country	2,580	2,504	1,218	3,866
Cross Country - MS	108	0	0	108
Dance Marathon	65	0	0	65
Dance Squad	590	0	0	590
Debate Club	117	0	0	117
Drama Club - HS	1,849	1,330	1,630	1,549
Drama Club - MS	174	0	0	174
Subtotal	\$44,271	\$49,262	\$56,615	\$36,918

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
TRUST AND AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2008

STUDENT GROUPS	DUE TO (FROM) STUDENT GROUPS		DUE TO (FROM) STUDENT GROUPS	
	JULY 1, 2007	RECEIPTS	DISBURSEMENTS	JUNE 30, 2008
Drug Free School	\$67	\$0	\$0	\$67
Eighth Grade Dance	257	0	0	257
Eighth Grade Science Club	2	0	0	2
Envirothon	161	300	0	461
Equestrian	0	300	300	0
Exposures - David House	330	0	0	330
Fitness Center	50	0	0	50
Football - Middle School	85	0	0	85
Football - Varsity	3	382	240	145
G.L. Women's Cl	308	0	0	308
Germany Trip	189	28,800	28,002	987
Glen Lake CARE Fund	1,698	(411)	471	816
Golf	359	689	764	284
Golf - Girls	0	321	0	321
Greenhouse Seed	502	0	0	502
Guidance Testing	0	3,158	3,158	0
High Potential	20	0	0	20
Home Tour Funds	59	0	0	59
Homerooms - HS	124	0	0	124
I.D. Card	88	0	0	88
Interest - Checking Acct.	3,670	583	2,403	1,850
Intramural	200	0	0	200
Kitchen	461	0	0	461
Lake MI Ski	1,403	2,000	1,917	1,486
Laker Chair Co	677	665	451	891
Library - Second	47	120	123	44
Manitou	455	0	0	455
Michigan Summer Read	3	0	0	3
Mighty Fine Art	15,944	1,400	5,215	12,129
National Honor Society	82	176	47	211
Natural Helpers	131	0	0	131
Ninth Grade Retreat	996	7,924	8,724	196
Office - HS	224	5,945	4,414	1,755
Office - Second	262	6,969	7,101	130
Office - Sups	5,012	(159)	778	4,075
Outdoor Education	1,624	25	25	1,624
P.T.O Fruit Sales	17	0	0	17
P.T.O. Wish List	38	0	0	38
Parent Network	66	0	0	66
Physical Exam Fees	4,126	860	0	4,986
Physics Club	5,456	8,788	10,053	4,191
Project HERO	300	0	0	300
Resource Room/MS	0	425	316	109
Revolving	0	7,354	7,354	0
Room 409	2,250	0	1,620	630
Scholarships	0	24,950	23,950	1,000
Subtotal	\$47,746	\$101,564	\$107,426	\$41,884

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN

TRUST AND AGENCY FUNDS

SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2008

STUDENT GROUPS	DUE TO (FROM) STUDENT GROUPS		DUE TO (FROM) STUDENT GROUPS	
	JULY 1, 2007	RECEIPTS	DISBURSEMENTS	JUNE 30, 2008
Shakespeare Club	\$5	\$0	\$0	\$5
Shop Class	904	0	0	904
Ski Team Club	413	0	400	13
Snowboard Club	25	0	0	25
Soccer - Boys	1,317	1,055	1,616	756
Soccer - Girls	1,332	645	938	1,039
Soccer Boosters	28	0	0	28
Softball Club	206	2,231	2,788	(351)
Softball Grant - Girls	667	0	0	667
Sound System - Football	3,443	0	0	3,443
Spanish Club	63	0	0	63
Special Education	131	0	0	131
Splash	112	0	0	112
Splish	244	0	0	244
Stratford Trip	2,067	9,225	7,489	3,803
Student Council - HS	699	8,871	9,570	0
Student Council - MS	3	0	0	3
Students for World Awareness	262	396	596	62
Sunshine Club	117	300	220	197
Tennis Club	7	1,243	180	1,070
Theatre Arts	75	0	0	75
Track - Boys	857	25	186	696
Track - Girls	1,228	783	739	1,272
Track - MS	402	351	251	502
Trust Account	535	0	0	535
Volleyball Club	1,904	1,812	2,214	1,502
Volleyball - Freshman	358	0	0	358
Volleyball - MS	165	0	0	165
Wrestling Club	483	0	0	483
YAC Grant/Empty Bowls	0	2,010	336	1,674
Year Book - HS	1,116	20,736	19,816	2,036
Year Book - MS	1,215	655	827	1,043
Total High School	<u>\$112,400</u>	<u>\$201,164</u>	<u>\$212,207</u>	<u>\$101,357</u>

Elementary Activity Accounts

Art	22	0	0	22
Ash Account	61	379	345	95
Assembly Account	425	2,000	1,892	533
Bank Charges	0	27	27	0
Brow Account	0	385	385	0
Bruggeman	0	558	283	275
Cd & Tapes	31	0	31	0
Cherry Festival Float	4	0	0	4
Subtotal	<u>\$543</u>	<u>\$3,349</u>	<u>\$2,963</u>	<u>\$929</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
 TRUST AND AGENCY FUNDS
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2008

STUDENT GROUPS	DUE TO (FROM) STUDENT GROUPS		DUE TO (FROM) STUDENT GROUPS	
	JULY 1, 2007	RECEIPTS	DISBURSEMENTS	JUNE 30, 2008
<u>Elementary Activity Accounts</u> (Continued)				
Core	\$316	\$0	\$112	\$204
Counselor Account	9	0	0	9
Drama	957	1,618	1,526	1,049
Elementary Office	2,196	3,685	3,217	2,664
Fifth Grade	6,929	36,271	36,160	7,040
Fifth Grade Basketball	67	0	67	0
Fifth Grade Stop	139	1,715	1,749	105
Fourth Grade	4,216	4,579	4,634	4,161
Hobbins Account	173	0	173	0
J. Gretzmacher	69	652	721	0
Johnson	896	409	488	817
Jones	2	0	0	2
Library	1,854	5,978	7,015	817
Little Laker Festival	679	500	475	704
M. Schultz	0	330	330	0
Maurer, Sarah	0	554	127	427
Mark Mills	1,779	0	1,779	0
McNew Account	544	329	511	362
Odyssey of The Mind	1,917	1,665	2,351	1,231
P Deering	722	558	434	846
Pals Program	732	525	419	838
Pep Rally Fund	250	0	0	250
Pierce	423	469	794	98
Playground	789	0	0	789
Preschool	0	799	703	96
Recorder	90	0	0	90
Resource Room	352	0	352	0
Ruman	2	0	2	0
Scanlon	45	0	45	0
School Spirit Fund	250	0	0	250
Science Center	205	182	0	387
Sixth Grade	1,041	6,720	6,548	1,213
Slack	0	754	380	374
Spanish	0	217	119	98
Student Assistance	327	3,054	3,090	291
T. Lichty	1,375	404	1,782	(3)
Textbook	150	0	150	0
Third Grade	123	0	123	0
Thoreson	1	437	438	0
Turner Acct.	47	1,204	1,178	73
Total Elementary	<u>\$30,209</u>	<u>\$76,957</u>	<u>\$80,955</u>	<u>\$26,211</u>
Concessions	<u>2,221</u>	<u>20,595</u>	<u>21,024</u>	<u>1,792</u>
<u>TOTAL STUDENT GROUPS</u>	<u>\$144,830</u>	<u>\$298,716</u>	<u>\$314,186</u>	<u>\$129,360</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
GENERAL OBLIGATION SERIAL BONDS
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
AS OF JUNE 30, 2008

1993 SCHOOL CAPITAL PROJECT AND REFUNDING BONDS

<u>DATE OF MATURITY</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>INTEREST RATE (%)</u>	<u>INTEREST REQUIREMENT</u>	<u>TOTAL DEBT REQUIREMENT</u>
May 1, 2009	\$204,175	5.650	\$280,825	\$485,000
May 1, 2010	33,573	5.700	51,427	85,000
<u>TOTALS</u>	<u>\$237,748</u>		<u>\$332,252</u>	<u>\$570,000</u>

DATE OF ISSUE - November 24, 1998

Original amount of issue - \$73,789

1998 DURANT RESOLUTION PACKAGE BONDS

<u>PAYMENT DATE - MAY 15TH</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>INTEREST RATE (%)</u>	<u>INTEREST REQUIREMENT</u>	<u>TOTAL DEBT REQUIREMENT</u>
2009	\$4,107	4.761353%	\$1,075	\$5,182
2010	4,302	4.761353%	880	5,182
2011	4,507	4.761353%	675	5,182
2012	4,721	4.761353%	460	5,181
2013	25,933	4.761353%	8,882	34,815
<u>TOTAL</u>	<u>\$43,570</u>		<u>\$11,972</u>	<u>\$55,542</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
GENERAL OBLIGATION SERIAL BONDS
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
AS OF JUNE 30, 2008

2008 Refunding Bonds issued March 4, 2008, and outstanding as of June 30, 2008, consisted of:

2008 REFUNDING BONDS

<u>DATE OF MATURITY</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>INTEREST RATE (%)</u>	<u>INTEREST REQUIREMENT</u>	<u>TOTAL DEBT REQUIREMENT</u>
November 1, 2008	\$0		\$222,311	\$222,311
May 1, 2009	0		168,844	168,844
November 1, 2009	0		168,844	168,844
May 1, 2010	415,000	3.000	168,843	583,843
November 1, 2010	0		162,618	162,618
May 1, 2011	545,000	3.000	162,619	707,619
November 1, 2011	0		154,444	154,444
May 1, 2012	595,000	3.000	154,444	749,444
November 1, 2012	0		145,519	145,519
May 1, 2013	640,000	3.250	145,518	785,518
November 1, 2013	0		135,119	135,119
May 1, 2014	680,000	3.250	135,119	815,119
November 1, 2014	0		124,069	124,069
May 1, 2015	715,000	3.250	124,069	839,069
November 1, 2015	0		112,450	112,450
May 1, 2016	745,000	5.000	112,450	857,450
November 1, 2016	0		93,825	93,825
May 1, 2017	780,000	5.000	93,825	873,825
November 1, 2017	0		74,325	74,325
May 1, 2018	825,000	5.000	74,325	899,325
November 1, 2018	0		53,700	53,700
May 1, 2019	860,000	4.000	53,700	913,700
November 1, 2019	0		36,500	36,500
May 1, 2020	895,000	4.000	36,500	931,500
November 1, 2020	0		18,600	18,600
May 1, 2021	930,000		18,600	948,600
<u>TOTAL</u>	<u>\$8,625,000</u>		<u>\$2,951,180</u>	<u>\$11,576,180</u>

GLEN LAKE COMMUNITY SCHOOLS

MAPLE CITY, MICHIGAN

FEDERAL AWARDS
SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2008

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Lewis & Knopf, CPAs, PC

Serving You with Trust and Integrity

October 3, 2008

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education of
Glen Lake Community Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Glen Lake Community Schools, as of and for the year ended June 30, 2008, which collectively comprise the Glen Lake Community Schools' basic financial statements and have issued our report thereon dated October 3, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Glen Lake Community Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Glen Lake Community Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Glen Lake Community Schools' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Glen Lake Community Schools' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Glen Lake Community Schools' financial statements that is more than inconsequential will not be prevented or detected by the Glen Lake Community Schools' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Glen Lake Community Schools' internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

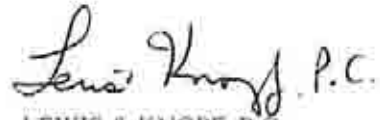
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Glen Lake Community Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Glen Lake Community Schools
Page 2
October 3, 2008

This report is intended solely for the information and use of management, the finance committee, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



LEWIS & KNOPE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS



Lewis & Knopf CPAs, PC

Serving You with Trust and Integrity

October 3, 2008

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

To the Board of Education of
Glen Lake Community Schools

Compliance

We have audited the compliance of Glen Lake Community Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Glen Lake Community Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Glen Lake Community Schools' management. Our responsibility is to express an opinion on Glen Lake Community Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Glen Lake Community Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Glen Lake Community Schools' compliance with those requirements.

In our opinion, Glen Lake Community Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Glen Lake Community Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Glen Lake Community Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Glen Lake Community Schools' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.



Glen Lake Community Schools
Page 2
October 3, 2008

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Glen Lake Community Schools, as of and for the year ended June 30, 2008, and have issued our report thereon dated October 3, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Glen Lake Community Schools' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the finance committee, management, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LEWIS & KNOFF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH PROJECT NUMBER	PROGRAM OR AWARD AMOUNT
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<u>Direct Programs:</u>			
Impact Aid	84.041		
Impact Aid (2008)		S-041A-2008-7105	\$2,199,683
<u>Passed Through Michigan Department of Education:</u>			
Title I Grants to Local Educational Agencies	84.010		
ESEA Title I (06-07)		71530-0607	93,938
ESEA Title I (07-08)		81530-0708	95,249
Total Title I Grants to Local Educational Agencies			<u>\$189,187</u>
Innovative Education Program Strategies	84.298		
Title V (07-08)		80250-0708	1,668
Technology Literacy Challenge Grants	84.318		
Technology Literacy Challenge Fund (06-07)		74290-0607	964
Technology Literacy Challenge Fund (07-08)		84290-0708	895
Total Technology Literacy Challenge Grants			<u>\$1,859</u>
Improving Teacher Quality	84.367		
Title IIA (06-07)		70520-0607	38,110
Title IIA (07-08)		80520-0708	49,930
Total Improving Teacher Quality			<u>\$88,040</u>
Total Passed Through Michigan Department of Education			<u>\$280,754</u>
<u>Passed Through Traverse Bay Intermediate School District</u>			
Special Education - Grants to States:	84.027		
Transition Grant (07-08)		80450-0708	6,354
<u>TOTAL U.S. DEPARTMENT OF EDUCATION</u>			<u>\$2,486,791</u>

ACCRUED (DEFERRED) REVENUE JULY 1, 2007	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS PRIOR YEARS	CURRENT YEAR CASH/ PAYMENTS IN KIND RECEIVED	ACCRUED (DEFERRED) REVENUE JUNE 30, 2008
\$0	\$0	\$2,199,683	\$0	\$1,712,768	\$486,915
(872)	93,066	872	0	0	0
0	0	95,249	0	95,249	0
(872)	\$93,066	\$96,121	\$0	\$95,249	\$0
0	0	1,668	0	1,668	0
0	964	0	1,155	1,155	0
0	0	895	0	895	0
\$0	\$964	\$895	\$1,155	\$2,050	\$0
(16,022)	38,110	16,022	1,477	1,477	0
0	0	34,170	0	34,170	0
(\$16,022)	\$38,110	\$50,192	\$1,477	\$35,647	\$0
(\$16,894)	\$132,140	\$148,876	\$2,632	\$134,614	\$0
0	0	6,354	0	6,354	0
(\$16,894)	\$132,140	\$2,354,913	\$2,632	\$1,853,736	\$486,915

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH PROJECT NUMBER	PROGRAM OR AWARD AMOUNT
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<u>Passed Through Michigan Department of Education:</u>			
Food Distribution	10.550		
Entitlement Commodities		N/A	\$9,662
Bonus Commodities		N/A	344
Total Commodities			<u>\$10,006</u>
School Breakfast Program	10.553	N/A	6,919
National School Lunch Program	10.555	N/A	58,887
Fresh Fruit & Vegetable Program	10.582	080950-01417	<u>43,295</u>
<u>TOTAL U.S. DEPARTMENT OF AGRICULTURE</u>			<u>\$119,107</u>
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>			
<u>Passed Through Traverse Bay Intermediate School District</u>			
Medical Assistance Program Title XIX	93.778		
Medicaid School Based Services/Transportation		N/A	<u>2,228</u>
<u>TOTAL FEDERAL AWARDS</u>			<u><u>\$2,608,126</u></u>

ACCRUED (DEFERRED) REVENUE JULY 1, 2007	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS PRIOR YEARS	CURRENT YEAR CASH/ PAYMENTS IN KIND RECEIVED	ACCRUED (DEFERRED) REVENUE JUNE 30, 2008
\$0	\$0	\$9,662	\$0	\$9,662	\$0
0	0	344	0	344	0
\$0	\$0	\$10,006	\$0	\$10,006	\$0
0	0	6,919	0	6,919	0
0	0	58,887	0	58,887	0
0	0	17,971	0	17,971	0
\$0	\$0	\$93,783	\$0	\$93,783	\$0
0	0	2,228	0	2,228	0
(\$16,894)	\$132,140	\$2,450,924	\$2,632	\$1,949,747	\$486,915

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
NOTES/RECONCILIATION TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL REVENUE RECOGNIZED FOR SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

\$2,450,924

Less: Adjustments

2,632

TOTAL

\$2,448,292

FEDERAL REVENUE RECOGNIZED PER THE GENERAL
PURPOSE FINANCIAL STATEMENTS PURPOSE

General Fund

\$2,354,508

School Service Fund

93,784

TOTAL

\$2,448,292

- 1) The Schedule of Expenditures of Federal Awards had been prepared under the modified accrual basis of accounting.
- 2) Management has utilized the Grants Section Auditors Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards. All differences between the Schedule of Expenditures of Federal Awards and the Form R7120 have been reconciled in the attached reconciliation on page 8 of this report.
- 3) As of the date of completion of fieldwork, the Schedule of Transfers to Sub-Recipients from the Intermediate School Districts was not available. The amounts shown on the Schedule of Federal Financial Assistance as flow through from the Intermediate School Districts may not be conclusive.
- 4) An adjustment of \$1,155 was made to the Technology Literacy Grant 06-07 (CFDA 84.318) due to a correction by the state.
- 5) An adjustment of \$1,477 was made to the Improving Teacher Quality Grant 06-07 (CFDA 84.367) due to a correction by the state.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN
RECONCILIATION OF FORM R 7120 " GRANT SECTION AUDITOR'S REPORT"
TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Current Payments Per the Grant Section Auditor's Report		
(Form R 7120)		\$65,806
Cash Management System		152,585
Total		<u>\$218,391</u>
 <u>Add:</u> Grants Passed Through the Traverse Bay Area Intermediate School District		
Special Education Grants to States (CFDA # 84.027)	\$6,354	
Medical Assistance Program Title XIX (CFDA #93.778)	<u>2,228</u>	
Total Grants Passed Through TBAISD		8,582
 Direct Aid		
Impact Aid (CFDA# 84.041)		1,712,768
 Entitlement and Bonus Commodities (CFDA# 10.550)		<u>10,006</u>
 <u>TOTAL CURRENT YEAR RECEIPTS PER SCHEDULE OF EXPENDITURES</u> <u>OF FEDERAL AWARDS</u>		<u><u>\$1,949,747</u></u>

GLEN LAKE COMMUNITY SCHOOLS- MAPLE CITY, MICHIGAN
SUMMARY OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

Unqualified

Internal control over financial reporting:

- Is a “going concern” explanatory paragraph included in the audit report? ☐ Yes ☒ No
- Is a significant deficiency disclosed? ☐ Yes ☒ No
- Is any Significant deficiency reported as a material weaknesses? ☐ Yes ☒ None reported
- Is a material noncompliance disclosed? ☐ Yes ☒ No

Federal Awards

- Dollar threshold use to distinguish between type A and type B programs: \$ 300,000.00
- Did the auditee qualify as a low-risk auditee? ☐ Yes ☒ No
- Is a significant deficiency disclosed for any major program? ☐ Yes ☒ No
- Is any significant deficiency reported for any major program as a material weakness? ☐ Yes ☒ None reported

Type of auditor’s report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

☐ Yes ☒ No

Identification of major programs:

CFDA Number(s)
84.041

Name of Federal Program or Cluster
Impact Aid

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no current year findings.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no current year findings.

STATUS OF PRIOR YEAR FINDINGS

The auditee did not qualify for a single audit for the year ended June 30, 2007.